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Japan's Broiler Market and Trade Outlook 2003

Lethargic demand, weak price prospects for generic broiler meat, high year-beginning frozen stocks, and continued growth of imported prepared poultry products are expected to prevail in 2003.

Domestic production will likely fall due to slackening generic broiler meat demand in the retail and food service sectors. This follows a 2% production gain in 2002, the first increase in ten years, due to a number of factors including high wholesale prices, solid BSE-related demand, SPS and food safety issues in major exporters (U.S. and China), and the U.S. port lockout. Demand for prepared poultry products is expected to remain strong, offsetting expected declines in consumption of generic broiler meat.

Japan's broiler imports are forecast to fall by about 2% to 740,000 MT. An increase in imports of prepared broiler products (to 240,000 MT) will not offset a decrease in imports of generic broiler meat (to 500,000 MT). Weak consumption and high year beginning stocks are expected to slow import demand for generic broiler meat, particularly during the first half of 2003.

Imports of U.S. broiler meat are expected to improve in 2003, following a sharp drop in 2002 due to Japanese import bans (see below). Benefiting from reported improvements in food safety control measures, Chinese broiler meat is expected to regain market share lost to Thailand and Brazil in previous years.

Japan: Boiler Meat, Includes Preliminary and Forecast Data

	2001	2002	2003
Production	1,074	1,097	1,085
Imports	0711	757	740
Exports	3	3	3

In 1,000 metric tons

Imports of prepared poultry products are expected to grow by 8% in 2003, catering to strong demand in Japan's growing ready-to-eat food market. China and Thailand are expected to maintain dominant positions in this market with a combined market share of over 90%.

Japan's imports of generic broiler meat reached 535,000 MT (customs clearance basis) in 2002, up 2% from the previous year. Combined with prepared poultry products, total 2002 imports were 757,000 MT, a 6% increase over 2001. Despite the increase, imports from the United States dropped sharply due to Japan's bans on U.S. poultry following the detection of low-pathogenic avian influenza. Imports of U.S. generic broiler meat dropped by 34% to 50,000 MT, causing U.S. market share to drop to 9%, a six point decline from the previous year. Imports from China were restricted due to concerns over residue detections and subsequent testing requirements. Once the number one supplier of generic broiler meat to Japan, China's market share slipped to third (at 22%) in 2002, behind Thailand (at 35%), and Brazil (at 33%).

Source: USDA/FAS

Production: Dutch poultry production is expected to decline.

The year 2002 has been a dramatic year for the Dutch poultry sector. The average chicken farmer had a negative income of EURO 68,000. In 2001 and 2002, Dutch poultry production increased to meet increased EU demand following the BSE crisis. During 2002, however, beef consumption recovered and the industry faced strong competition from salted poultry meat from Brazil and Thailand. Dutch poultry production is expected to decline by about 2 percent in 2003.

Dutch imports of salted, and therefore low-duty, poultry meat from Brazil and Thailand surged during the past three years. In 2001, The Netherlands imported nearly 60,000 MT of salted meat from Thailand and Brazil. In that year, the EU imported about 225,000 MT of salted poultry meat, which is about 3.5 percent of the total EU market.

The import of salted poultry meat has slowed since tariffs rates were amended in October 2002. Despite these tariff changes, it is expected that Thai and Brazilian products will continue to compete with EU poultry. First of all, there is a six month transition period for poultry meat with a salt content higher than 1.9 percent. During this transition and afterward, salted poultry imports may be mixed with domestically produced meat to alter the salt content. Given that a great deal of their imports are used in the preparation of processed foods and ready-to-eat meals, Brazil and Thailand might reportedly shift to exporting of cooked or baked poultry products. Quotas are reportedly regarded by local producers as the only solution that would provide effective protection for EU poultry producers.

Dutch third country exports of poultry increased by more than 10 percent to a record of 272,000 MT in 2002. Russia is The Netherlands' main third country export destination. Due to the Russian ban on U.S. chicken, Dutch exports of chicken parts increased significantly to Russia during February - July 2002. Exports to the Ukraine also increased significantly.

Agreement on U.S. poultry exports to Russia, could force Dutch exporters to seek export opportunities in Africa and Asia. In addition, it appears possible that Russia will impose an import quota for EU poultry meat. Another blow to Dutch exports came when important third country export destinations, such as Lithuania and Saudi Arabia, closed their borders to Dutch poultry due to the MPA crisis.

In reaction to the strong competition, two Dutch companies, Plukon and Astenhof, will combine their operations. The goal of the consolidation is to improve their efficiency and bargaining power. The newly formed company will have a turn over of EURO 475 million, and will reportedly have a quarter of the poultry market in The Netherlands and Germany.

Source: USDA/FAS

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Inspected Egg Products-U.S. & Canada Export/Import Trade

To-date 2002 figures reflect most recent adjustments

U.S. Exports to Canada, in Pounds (000) (Preliminary)

Week Ending February 01, 2003			Year-To-Date	
	2003	2002/1	2003	2002
Liquid	206	442	1,253	1,391
Frozen	0	0	0	0
Dried	0	50	44	50
Total	206	492	1,297	1,441

U.S. Imports From Canada, in Pounds (000) (Preliminary)

Week Ending February 01, 2003			Year-To-Date	
	2003	2002/1	2003	2002
Liquid	233	127	636	485
Frozen	79	36	211	357
Dried	0	0	0	208
Total	312	163	847	1,050

Inspected Shell Eggs

U.S Exports To Canada, In 30-Dozen Cases (Preliminary)

Week Ending February 01, 2003			Year-To-Date	
	2003	2002 /1	2003	2002
Jumbo	0	0	0	0
Extra Large	150	9	150	489
Large	200	676	1,105	9,586
Medium	360	20	380	2,409
Ungraded	0	0	1,470	0
Misc	0	66	0	906
Total	710	771	3,105	13,390

/1 Comparable Week, to-date figures may not total due to rounding.
Source: USDA/AMS Poultry Programs, Market News Branch in cooperation with Agriculture Canada, Poultry Development Division.

LIVE POULTRY SLTRD UNDER INSPECTION W/E 01Feb-03 (PRELIMINARY)

U.S. FOWL SLAUGHTERED DOMESTICALLY

	LIGHT HENS	HEAVY HENS	TTL HENS
	THOUSANDS		
HEAD	1,579	1,443	3,022
LAST WEEK	1,746	1,292	3,038
SAME WEEK YR AGO	2,032	1,325	3,357
TO-DATE/2003	8,081	6,780	14,861
TO-DATE/2002	9,107	6,404	15,511

	LIGHT HENS	HEAVY HENS	TTL HENS
	THOUSANDS		
HEAD	337	14	351
LAST WEEK	416	0	416
SAME WEEK YR AGO	374	0	374
TO-DATE/2003	1,697	33	1,730
TO-DATE/2002	1,705	8	1,713

SOURCE: AGRICULTURE CANADA, PLTRY DEVELOPMENT DIV.

TOTAL U.S. FOWL SLAUGHTERED IN THE U.S. AND CANADA

	LIGHT HENS	HEAVY HENS	TTL HENS
	THOUSANDS		
HEAD	1,916	1,457	3,373
LAST WEEK	2,162	1,292	3,454
SAME WEEK YR AGO	2,406	1,325	3,731
TO-DATE/2003	9,778	6,813	16,591
TO-DATE/2002	10,812	6,412	17,224

SOURCE: USDA/AMS PLTRY PROGRAMS, MRKT NEWS BR.

CENTRAL REGION MECHANICALLY SEPARATED CHICKEN

F.O.B. SHIPPER DOCK OR EQUIVALENT, PRICES NEGOTIATED FOR MECHANICALLY SEPARATED CHICKEN IN THE CENTRAL REGION IN TRUCKLOT AND LESS THAN TRUCKLOT VOLUMES, CENTS PER POUND, DELIVERY WITHIN TWO WEEKS.

07-FEB-2003

CHICKEN —— PRICES ———— VOLUME ——
(Cents per Pound)

FAT CONTENT	FROZEN	FRESH	TOTAL	EXPORT
15% OR LESS				
RANGE	-	-	-	-
WTD AVERAGE				

CHICKEN, WITH SKIN ADDED

—— PRICES ———— VOLUME ——
(Cents per Pound)

FAT CONTENT	FROZEN	FRESH	TOTAL	EXPORT
15% OR LESS				
RANGE	13.00-14.00	12.00-14.00	142,400	-
WTD AVERAGE	13.50	12.92		
15-20%				
RANGE	10.00-13.75	10.00-12.00	1,713,600	612,000
WTD AVERAGE	11.11	10.92		
20% OR MORE				
RANGE	-	10.00-11.00	20,400	-
WTD AVERAGE		10.50		

* INCLUDES THE STATES of AL, AR, IA, IL, IN, KS, KY, LA, MI, MN, MO, MS, ND, NE, OK, OH, SD, TN, TX, WI

EASTERN REGION MECHANICALLY SEPARATED CHICKEN

F.O.B. SHIPPER DOCK OR EQUIVALENT, PRICES NEGOTIATED FOR MECHANICALLY SEPARATED CHICKEN IN THE EASTERN REGION IN TRUCKLOT AND LESS THAN TRUCKLOT VOLUMES, CENTS PER POUND, DELIVERY WITHIN TWO WEEKS.

07-FEB-2003

CHICKEN —— PRICES ———— VOLUME ——
(Cents per Pound)

FAT CONTENT	FROZEN	FRESH	TOTAL	EXPORT
15% OR LESS				
RANGE	-	-	-	-
WTD AVERAGE				

CHICKEN, WITH SKIN ADDED

—— PRICES ———— VOLUME ——
(Cents per Pound)

FAT CONTENT	FROZEN	FRESH	TOTAL	EXPORT
15% OR LESS				
RANGE	14.00-17.00	13.00-14.00	1,168,000	584,000
WTD AVERAGE	14.77	13.83		
15-20%				
RANGE	12.50	11.00-14.50	1,112,000	-
WTD AVERAGE	12.50	12.60		
20% OR MORE				
RANGE	-	11.00	160,000	-
WTD AVERAGE		11.00		

* INCLUDES THE STATES of CT, DE, FL, GA, MA, MD, ME, NC, NH, NJ, NY, PA, RI, SC, VA, VT, WV

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NATIONAL YOUNG TURKEY PARTS AND BULK MEAT, FROZEN (UNLESS SPECIFIED), CENTS PER LB., DELIVERED FIRST RECEIVERS, PART AND FULL TRUCKLOTS AS OF 7 FEBRUARY 2003.

The undertone on breast meat was cautious and current trading levels were seen as a possible floor to the market. Bulk meats and parts offers declined due to sellers wary of buyers low counter bids. Supplies were adequate on all items. Fresh wing meat sold in a range of 42 to 44 cents. Export activity was very light. Hand defatted gizzards traded at 48.5 cents delivered port.

FRIDAY, FEBRUARY 07, 2003

EXPORT TRADING	**PRICE RANGE**	**L.S.T. CODE 1/**	**WTD AVG PRICE**	**VOLUME (000)**	**WEEKLY WTD AVG PRICE**	**WEEKLY VOLUME (000)**
DRUMSTICKS, TOMS		R	16.20	512	16.51	659
WINGS FULL-CUT - TOMS	15.50		15.50	40	14.85	563
WINGS, V-TYPE, TOM		R	20.00	104	20.00	104
TAILS		W	18.00	40	18.00	40
MECHANICALLY SEPARATED 2/		W	15.00	40	15.00	40
THIGH MEAT - FROZEN		R	45.27	432	46.24	672

THURSDAY, FEBRUARY 06, 2003

EXPORT TRADING	**PRICE RANGE**	**L.S.T. CODE 1/**	**WTD AVG PRICE**	**VOLUME (000)**
DRUMSTICKS, TOMS	15.00-17.50		16.20	512
WINGS FULL-CUT - TOMS	15.00		15.00	80
WINGS, V-TYPE, TOM	20.00		20.00	104
TAILS		W	18.00	40
MECHANICALLY SEPARATED 2/		W	15.00	40
THIGH MEAT - FROZEN	40.50-60.00		45.27	432

WEDNESDAY, FEBRUARY 05, 2003

EXPORT TRADING	**PRICE RANGE**	**L.S.T. CODE 1/**	**WTD AVG PRICE**	**VOLUME (000)**
DRUMSTICKS, TOMS	18.00		18.00	27
WINGS FULL-CUT - TOMS	14.00-15.00		14.77	443
WINGS, V-TYPE, TOM		R	20.00	208
TAILS	18.00		18.00	40
MECHANICALLY SEPARATED 2/	15.00		15.00	40
THIGH MEAT - FROZEN	47.50-48.50		48.00	240

TUESDAY, FEBRUARY 04, 2003

EXPORT TRADING	**PRICE RANGE**	**L.S.T. CODE 1/**	**WTD AVG PRICE**	**VOLUME (000)**
DRUMSTICKS, TOMS		M	17.50	120
WINGS FULL-CUT - TOMS		F	14.81	704
WINGS, V-TYPE, TOM		R	20.00	208
TAILS		F	19.00	40
MECHANICALLY SEPARATED 2/		F	15.00	120
THIGH MEAT - FROZEN		F	43.36	940

MONDAY, FEBRUARY 03, 2003

EXPORT TRADING	**PRICE RANGE**	**L.S.T. CODE 1/**	**WTD AVG PRICE**	**VOLUME (000)**
DRUMSTICKS, TOMS	17.50		17.50	120
WINGS FULL-CUT - TOMS		F	14.81	704
WINGS, V-TYPE, TOM		R	20.00	208
TAILS		F	19.00	40
MECHANICALLY SEPARATED 2/		F	15.00	120
THIGH MEAT - FROZEN		F	43.36	940

1/ CODES FOR LAST SIGNIFICANT TRADE (L.S.T.): M=MONDAY T=TUESDAY W=WEDNESDAY R=THURSDAY F=FRIDAY
2/ Product contains 15-20% fat with skin added.